

EXECUTIVE SUMMARY

This year Idaho's economy is expected to repeat last year's surprisingly strong showing. In 1999, Idaho nonfarm employment expanded by a healthy 3.4%. This was over twice as fast as had been previously anticipated. With half of a year's data already in the can, Idaho nonfarm employment is on track to grow by 3.4% in 2000. As has been the case in the past, the state's huge services-producing sector will contribute the lion's share of this growth. However, employment will also be boosted this year by the high-flying technology sector. Indeed, this sector's employment should expand 8.4% in 2000, which is more than twice as fast as overall nonfarm job growth. In calendar year 2000, Idaho personal income growth is projected to slow to 6.8% because of lower wage gains and an anticipated drop-off in farm proprietors' income.

While it is expected to remain healthy, Idaho's economic growth is forecast to slow after this year. For example, Idaho nonfarm employment should expand 2.7% in 2001 and 2.4% in both 2002 and 2003. Idaho nominal personal income is forecast to rise 7.0% in 2001, 6.2% in 2002, and 6.3% in 2003. The Gem State's population, which had grown by 1.7% in 1999, will see its growth drop to 1.2% in 2003. Idaho housing starts should peak at nearly 10,600 units in 2000, then hover near 10,000 units over the remainder of the forecast. In summary, there is no national recession anticipated over the forecast horizon, and Idaho's economy should continue expanding over the next few years.

Recent evidence suggests that the U.S. economy is enjoying robust health as the ongoing expansion closes in on its tenth anniversary. Real GDP increased at a 5.6% annual rate in the second quarter of 2000. It will also be the fourth straight year that real economic output rose by at least 4.0%. Real GDP grew strongly during the first half of this year, but showed some signs of slowing in the third quarter. Housing weakened earlier in the year, but began to recover as mortgage interest rates dropped this summer. It is likely the Federal Reserve is done tightening for this year. On an annual basis, it is projected that real GDP will advance 5.2% for all of 2000, its best showing since 1984. Overall, the U.S. economy shows few signs of the imbalances that would end this expansion. The current forecast calls for continuing growth, but at a slower pace, for the next few years. Eventually, an outside shock or policy mistake will cause a recession, but this triggering event has not yet occurred.

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

OCTOBER 2000

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
GDP (BILLIONS)										
Current \$	7,054	7,401	7,813	8,318	8,790	9,299	10,002	10,599	11,237	11,979
% Ch	6.2%	4.9%	5.6%	6.5%	5.7%	5.8%	7.6%	6.0%	6.0%	6.6%
1996 Chain-Weighted	7,348	7,544	7,813	8,159	8,516	8,876	9,337	9,671	10,078	10,551
% Ch	4.0%	2.7%	3.6%	4.4%	4.4%	4.2%	5.2%	3.6%	4.2%	4.7%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	21,399	22,869	24,174	25,440	27,177	29,386	31,371	33,568	35,649	37,895
% Ch	6.4%	6.9%	5.7%	5.2%	6.8%	8.1%	6.8%	7.0%	6.2%	6.3%
Idaho Nonfarm (Millions)	20,706	22,073	23,298	24,791	26,310	28,215	30,292	32,415	34,492	36,723
% Ch	8.7%	6.6%	5.6%	6.4%	6.1%	7.2%	7.4%	7.0%	6.4%	6.5%
U.S. (Billions)	5,888	6,201	6,547	6,937	7,391	7,790	8,287	8,791	9,283	9,850
% Ch	5.0%	5.3%	5.6%	6.0%	6.5%	5.4%	6.4%	6.1%	5.6%	6.1%
PERSONAL INCOME - 1996 \$										
Idaho (Millions)	22,357	23,359	24,172	24,954	26,376	28,025	29,175	30,617	31,995	33,401
% Ch	4.3%	4.5%	3.5%	3.2%	5.7%	6.3%	4.1%	4.9%	4.5%	4.4%
Idaho Nonfarm (Millions)	21,632	22,545	23,297	24,318	25,534	26,908	28,172	29,566	30,956	32,368
% Ch	6.6%	4.2%	3.3%	4.4%	5.0%	5.4%	4.7%	4.9%	4.7%	4.6%
U.S. (Billions)	6,152	6,334	6,547	6,805	7,173	7,430	7,708	8,019	8,332	8,682
% Ch	2.9%	3.0%	3.4%	3.9%	5.4%	3.6%	3.7%	4.0%	3.9%	4.2%
HOUSING STARTS										
Idaho	12,768	9,361	9,227	8,860	10,129	10,336	10,565	9,928	9,948	9,965
% Ch	11.5%	-26.7%	-1.4%	-4.0%	14.3%	2.0%	2.2%	-6.0%	0.2%	0.2%
U.S. (Millions)	1,446	1,361	1,469	1,475	1,621	1,676	1,618	1,619	1,660	1,729
% Ch	12.0%	-5.9%	7.9%	0.4%	9.9%	3.4%	-3.4%	0.0%	2.5%	4.2%
TOTAL NONFARM EMPLOYMENT										
Idaho (Thousands)	461.2	477.4	492.6	508.7	521.5	539.1	557.3	572.3	586.1	600.4
% Ch	5.6%	3.5%	3.2%	3.3%	2.5%	3.4%	3.4%	2.7%	2.4%	2.4%
U.S. (Millions)	114.1	117.2	119.6	122.7	125.8	128.8	131.4	132.7	134.3	136.7
% Ch	3.1%	2.7%	2.1%	2.6%	2.6%	2.3%	2.1%	1.0%	1.2%	1.8%
SELECTED INTEREST RATES										
Federal Funds	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%	6.2%	6.4%	6.1%	6.0%
Bank Prime	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	9.4%	8.9%	8.3%
Existing Home Mortgage	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%	8.0%	7.5%	7.1%	6.9%
INFLATION										
GDP Price Deflator	2.1%	2.2%	1.9%	1.9%	1.3%	1.5%	2.3%	2.3%	1.7%	1.8%
Personal Cons Deflator	2.0%	2.3%	2.1%	1.9%	1.1%	1.8%	2.5%	2.0%	1.6%	1.8%
Consumer Price Index	2.6%	2.8%	2.9%	2.3%	1.6%	2.2%	3.3%	2.2%	1.7%	1.9%

National Variables Forecast by Standard and Poor's DRI
Forecast Begins the SECOND Quarter of 2000

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	2000				2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP (BILLIONS)												
Current \$	9,753	9,943	10,075	10,237	10,385	10,526	10,665	10,818	10,983	11,140	11,319	11,505
% Ch	8.3%	8.0%	5.4%	6.6%	5.9%	5.5%	5.4%	5.8%	6.3%	5.8%	6.6%	6.7%
1996 Chain-Weighted	9,192	9,312	9,377	9,467	9,550	9,625	9,707	9,804	9,910	10,013	10,133	10,257
% Ch	4.8%	5.3%	2.9%	3.9%	3.6%	3.2%	3.5%	4.0%	4.4%	4.2%	4.9%	5.0%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	30,574	31,160	31,597	32,154	32,803	33,337	33,805	34,325	34,894	35,404	35,882	36,417
% Ch	5.3%	7.9%	5.7%	7.2%	8.3%	6.7%	5.7%	6.3%	6.8%	6.0%	5.5%	6.1%
Idaho Nonfarm (Millions)	29,545	30,067	30,509	31,045	31,657	32,192	32,648	33,164	33,709	34,234	34,734	35,293
% Ch	7.5%	7.3%	6.0%	7.2%	8.1%	6.9%	5.8%	6.5%	6.7%	6.4%	6.0%	6.6%
U.S. (Billions)	8,106	8,234	8,340	8,470	8,619	8,738	8,845	8,960	9,094	9,218	9,341	9,480
% Ch	6.9%	6.5%	5.3%	6.4%	7.2%	5.6%	5.0%	5.3%	6.1%	5.6%	5.4%	6.1%
PERSONAL INCOME - 1996 \$												
Idaho (Millions)	28,686	29,071	29,304	29,641	30,112	30,467	30,772	31,118	31,511	31,846	32,142	32,480
% Ch	1.8%	5.5%	3.2%	4.7%	6.5%	4.8%	4.1%	4.6%	5.1%	4.3%	3.8%	4.3%
Idaho Nonfarm (Millions)	27,721	28,052	28,295	28,619	29,060	29,420	29,718	30,065	30,441	30,793	31,114	31,477
% Ch	3.8%	4.9%	3.5%	4.7%	6.3%	5.1%	4.1%	4.7%	5.1%	4.7%	4.2%	4.8%
U.S. (Billions)	7,606	7,683	7,735	7,808	7,913	7,986	8,052	8,124	8,212	8,292	8,368	8,456
% Ch	3.3%	4.1%	2.7%	3.9%	5.4%	3.8%	3.3%	3.6%	4.4%	3.9%	3.7%	4.3%
HOUSING STARTS												
Idaho	11,651	10,624	10,110	9,873	9,935	9,956	9,914	9,906	9,919	9,938	9,972	9,965
% Ch	60.4%	-30.9%	-18.0%	-9.1%	2.5%	0.9%	-1.7%	-0.3%	0.5%	0.8%	1.4%	-0.3%
U.S. (Millions)	1.732	1.602	1.546	1.594	1.610	1.621	1.616	1.631	1.637	1.646	1.667	1.688
% Ch	10.5%	-26.8%	-13.3%	12.9%	4.2%	2.7%	-1.2%	3.7%	1.6%	2.3%	5.0%	5.2%
TOTAL NONFARM EMPLOYMENT												
Idaho (Thousands)	551.3	556.4	559.0	562.6	566.9	571.1	573.9	577.5	580.8	584.3	587.8	591.4
% Ch	4.1%	3.7%	1.9%	2.6%	3.1%	3.0%	2.0%	2.5%	2.3%	2.4%	2.4%	2.4%
U.S. (Millions)	130.6	131.5	131.6	132.0	132.3	132.6	132.9	133.2	133.5	134.0	134.5	135.1
% Ch	2.6%	2.8%	0.1%	1.2%	0.9%	0.9%	0.8%	0.9%	1.1%	1.3%	1.6%	1.8%
SELECTED INTEREST RATES												
Federal Funds	5.7%	6.3%	6.5%	6.5%	6.5%	6.5%	6.5%	6.3%	6.3%	6.1%	6.0%	6.0%
Bank Prime	8.7%	9.2%	9.5%	9.5%	9.5%	9.5%	9.5%	9.3%	9.3%	9.1%	8.8%	8.5%
Existing Home Mortgage	8.0%	8.2%	8.0%	7.8%	7.6%	7.6%	7.5%	7.4%	7.3%	7.1%	7.0%	7.0%
INFLATION												
GDP Price Deflator	3.3%	2.6%	2.2%	2.6%	2.3%	2.3%	1.9%	1.7%	1.8%	1.5%	1.6%	1.7%
Personal Cons Deflator	3.5%	2.3%	2.4%	2.4%	1.7%	1.8%	1.6%	1.6%	1.6%	1.6%	1.7%	1.8%
Consumer Price Index	4.0%	3.6%	3.0%	2.6%	1.9%	1.9%	1.7%	1.7%	1.6%	1.6%	1.7%	1.8%

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